South Carolina
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(B)
In-Migration

Issue Papers

Carolina A

Cost Benefit of In-Migrating Families and Retirees

By

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2005 South Carolina White House Conference on Aging

Working Issue Paper:
Cost Benefit of In-migrating Families and Retirees

Organized by
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ISSUE:

- How in-migrating retirees impact the SC challenge to create a sustainable quality of life.
- How do we efficiently increase the tax base.
- How can we fuel the economy with new housing starts.
- How do we attract and retain affluent retirees, nurses, teachers, IT professionals, entrepreneurs, venture capitalists and volunteers.
- How do we improve the education funding structure and its delivery process.

FISCAL IMPACT: Facts About In-migrating Families

- For every retirement household established, at least one-half a job is created in the local economy, according to the USC study. (The NC study reported 1.5 jobs.)
- Thoughtful estimates predict S.C. will receive 145,000 (gross) newcomers in 2005.
- 43% are over age fifty in some stage of retirement decision.
- 100% come as visitors first, making our Tourism Industry the "birth-mother" of our in-migration industry.
- Their average house hold income is $110,000 according to Clemson research.
- 83% come with college graduate credentials according to Center For Carolina Living surveys of 37,500 families since 1987.
- 90% of the time at least one person in the household seeks employment. (Note that a third of the 5,000 residents of Sun City are on a payroll.)
- 14% will start or move a business.
- Of the estimated 30 million SC visitors in 2005, an estimated 6% are actually here for the primary purpose of investigating retirement or relocation or second home opportunities.
- The private sector residential industry spends at least $20 million annually to attract out-of-state families (tourists) to tour their SC properties.
- SC Department of Tourism spends a fraction of that and does an excellent job generating 800,000+ orders for our Vacation Guide.
- SC is one of the few states offering a first class Relocation & Retirement Guide backed up with a rich content web site: www.Carolinaliving.com.
- Our #1 competitor, Florida, eats S.C. tourism and relocation lunch daily and Jeb Bush recently completed a comprehensive cost benefit study measuring the impact of retirees FL. (The FL, AZ, and LA studies have all measured a significant net positive impact.)

OVERCOMING THE BARRIERS… IDEAS FOR ACTION:

A. Petition the SC Legislature to fund a two-panel research study:
   1) A cost benefit economic impact study on in-migrating retirees.

2) An economic impact study on the residential community/home building industry. (Estimated cost for both panels, $150,000.)

B. Allow the private sector (CFCL and the residential community home builder industry) to acquire a multi-page editorial section and reader response card inside the SC Vacation Guide to showcase the benefits of living, working, doing business and retiring here. Have the PRT web site include the same article online.

C. Ask two or three additional questions when taking orders for the SC Vacation Guide with this data collection to be paid for by the private sector:

1) Is your family considering retirement, relocation or buying a second home in SC?
2) Will anyone in your household be seeking employment here?
3) Are you planning to start a business as part of your relocation?

Responders fitting the “yes” characteristics will be served with a complementary copy of the Official Carolina Living Guide and information on starting a business.

The Advantages

- In-migrants increase the tax base.
- Boomer in-migrants help fund education and do not have children in schools.
- Half will build a new home.
- In-migration creates a rich stream of entrepreneurs and skilled volunteer talent.
- The private sector will fund this program with in-kind cooperation from PRT and Commerce.

Gray Gold

By

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GRAY GOLD

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THOMAS, WARREN + ASSOCIATES

Issue

A question being heard with increasing frequency in states like South Carolina that have significant numbers of retirement-age individuals (those over age 55) moving into their state is: "Are retirees paying their way?" In light of this question, the State of South Carolina is considering its position on the issue of promoting or facilitating the in-migration of people for the purpose of retirement.

Barriers

There are a number of perceived myths (barriers) that discourage a state from promoting itself as a retirement destination. However, recent research by THOMAS, WARREN + ASSOCIATES[1] has dispelled many of the myths associated with retirement-age individuals, especially those myths that characterize retirees as burdens on society.

Myth 1: Retirement-age individuals have below average incomes.

- The per capita incomes of retirement-age residents of Florida were 114% of the state's 18-55 year old residents in 2000.
- The per capita incomes of Louisiana's retirement-age residents were 127% of the 18-55 year old residents in 2000.
- The per capita incomes of Arizona's retirement-age residents were 120% of 16-55 year old residents in 1996.

Myth 2: Retirement-age in-migrants impose a burden on the state.

- In 2000, the average incomes of retirement-age households moving to Florida were estimated to be nearly the same as that of those aging-in-place.
- In 2000 the average incomes of retirement-age individuals moving to Arizona were estimated to be 2% higher than those aging-in-place.
- In 2000 the average incomes of retirement-age individuals moving to Louisiana were estimated to 13% higher than those aging-in-place.

Myth 3: Retirement-age individuals spend less than their younger counterparts.

- Retirement-age residents of Florida comprised 28% of the state's population in 2000, but accounted for 48% of its consumer spending.
- Retirement-age residents of Louisiana comprised 20% of the state's population in 2000, but accounted for 38% of its consumer spending.

1. "The Impacts of Retirement-Age Residents of Arizona," (1998), "The Impacts of Mature Residents of Florida," (2002), and "The Impacts of Retirement-Age Residents of Louisiana," (2002) may be accessed at www.twaaconsulting.com.

- Retirement-age residents of Arizona comprised 21% of the state's population in 2000, but accounted for 34% of its consumer spending.

Myth 4: Retirement-age individuals do not support schools.

- Retirement-age residents of Florida were 28% of the population in 2000, but paid 47% of the residential property taxes.
- Arizona's retirement-age residents paid 139% more per capita in residential property taxes in 1996 than did residents under the age of 55.
- An Arizona survey of 900+ retirement-age individuals conducted in 1996 found that 71% of them who said they voted also stated they voted in favor of school bonding issues.

Myth 5: Retirement-age residents get more than their fair share of a state's public health benefits.

- Medicare and the federal portion of Medicaid spending is a benefit to a state.
- In 2000, per capita, state funded health expenditures in Florida were nearly the same for retirement-age residents as it was for residents under age 55.
- In 2000, Florida's Department of Elder Affairs spent $858 per client, but only $23 per retirement-age resident.
- In 1996, AHCCCS (Arizona's Medicaid) spent more on maternity care than it did on its retirement-age residents.

Myth 6: A state's retirement-age residents do not pay their way.

- In 2000, retirement-age residents of Florida paid 85% more per capita in state taxes than did residents under age 55.
- In 2000, retirement-age residents of Louisiana paid 49% more per capita in state taxes than did residents under age 55.
- In 2000, retirement-age residents of Arizona paid 21% more per capita in state taxes than did residents under age 55.

Myth 7: Public funds spent to attract retirement-age individuals only subsidize developers.

- Net economic benefits (taxes less health care costs) to states from retirement-age residents:
  - Arizona $306.8 Million in 1996
  - Louisiana $319 Million in 2000
  - Florida $1.42 Billion in 2000
- Jobs attributable to retirement-age residents' spending:
  - Arizona 150,000 in 1996
  - Louisiana 47,600 in 2000
  - Florida 420,000 in 2000

Myth 8: Popular retirement destinations are over run with retirees.

- Top 5 states in percent of individuals age 65 and older in 2004:

Florida	16.83%
West Virginia	15.33%
Pennsylvania	15.29%
North Dakota	14.80%
Iowa	14.73%

- U.S. 12.35%

- Others

Arizona	12.80%	(ranked 26th)
South Carolina	12.40%	(ranked 29th)
North Carolina	12.09%	(ranked 34th)
Louisiana	11.66%	(ranked 40th)
Georgia	9.59%	(ranked 49th)

Myth 9: Attracting retirement-age residents changes the nature of a community

- Retirement-age individuals generally have a choice of where to live.
- Retirement-age individuals self select retirement communities that match their desired lifestyles.
- Retirement-age individuals match community amenities with their preferences, thus only strengthening the community's existing nature.

Myth 10: Today's retirement-age individuals view retirement like their parents.

- According to Richard Florida, unlike their parents, the current trend with baby boomers is that many more of them want to be integrated into mixed age communities.
- Traditional relocation patterns are changing:
  - The rate at which retirement-age individuals are moving to traditional retirement states is decreasing (*e.g.*, from 2003 to 2004 the percent of Florida's population age 65 and older dropped from 17.02% to 16.83%).
  - TW+A estimates that baby boomers are less than half as likely to move into age restricted communities as were their parents.

Myth 11: Retirement-age individuals are not involved in their community.

- Like their parents, today's seniors remain involved with their church, with social service organizations, and with political campaigns.
- Florida's retirement-age residents gave $3.6 billion to charity in 2000 compared to the $2.2 billion given by more than twice the number of younger residents.
- Retirement-age individuals tend to be more supportive of the arts and cultural activities than are younger residents.

Workable Solutions

Based on the above facts the answer to the question, "Are retirees paying their way?" is yes, but not unequivocally yes. The THOMAS, WARREN + ASSOCIATES studies found that, *on average*, retirement-age individuals have higher per capita incomes, spend more per capita, and pay more in state and local taxes than their younger counterparts. Further, *on average* these additional taxes cover any additional costs of state funded medical care required by retirees. The key phrase here is "*on average*." While most retirement-age individuals are not imposing a burden on their state of residence, some are.

This raises the question of what to do about those who are not paying their way. They can't be denied residency. They can't be denied access to the medical services they need. One obvious solution is to discourage less affluent retirement-age individuals from moving into the state. This, of course, begs the question of how to accomplish that? Retirement-age individuals moving into a state, whatever their financial resources, can't be given less or lower quality medical care than other residents. They can't be denied any of the rights of other, current residents.

A more realistic solution is to recruit resourceful (affluent) retirement-age individuals to offset the burdens imposed by the less resourceful ones. According to U.S. Census data, the household incomes of most migrant retirement-age individuals into Sun Belt states are higher than those individuals aging-in place. In South Carolina this difference was a little over $8,800 per year in 2000. This translates into retirement-age in-migrants to South Carolina having incomes about 20% higher than those South Carolinians who are aging-in-place. Based on the results of the impacts of retirement-age residents of Arizona, Louisiana, and Florida, it is plausible that the additional taxes paid by these more resourceful, retirement-age migrants will cover not only any costs they may impose on the State, but also the State funded medical expenses of the less affluent individuals.

Thus, a state recruiting resourceful retirement-age individuals to move there will ensure that, on average, retirees will not become a burden on a state's younger residents. The bottom line is that retirement-age residents provide tremendous net economic benefits to the political entities in which they live. Their spending provides a more than proportionate share of the fuel for the economic engine and creates a wide variety of jobs for younger residents. Further, to the extent that their income is provided by pension plans (either social security or private plans) their spending is not as affected by fluctuations in the economy as is the spending of jobholders. Thus, they provide stability in both spending and employment. Finally, because the taxes they pay exceed the public expenditure they receive, they, in effect subsidize their younger counterparts. For all these reasons it is evident that retirement-age individuals are truly "gray gold" to the cities, counties, and states in which they live.

Recommendations

South Carolina should evaluate the benefits and costs of in-migrating retirement-age individuals to the state and formulate state policy accordingly.

- Mitigate burdens imposed by less resourceful retirement-age individuals.
- Ensure that retirees are receiving a fair share of the state's resources.
- Recognize that the attraction of retirement-age residents is a very effective type of economic development.
- Consider impacts on South Carolina's residential and commercial construction industries.
- The attraction of retirement-age individuals should be linked to tourism because:
  - No one retires someplace they haven't visited, usually 3 or 4 times.
  - Senior retirees are essentially tourists

In-Migration and Its Economic Effect on South Carolina

By

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IN-MIGRATION AND ITS ECONOMIC EFFECT ON SOUTH CAROLINA

By: Mitchell C. Payne
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"Beautiful Places, Smiling Faces", yes it is true South Carolina has a national reputation as being a friendly place to live. Bolstered by its warm climate, historic cities, and beautiful coast, South Carolina seems destined to see a continuing upswing in the inflow of people from other areas of the country and perhaps the world. This inflow will present both benefits and burdens for our state.

The First Wave:

The most rapidly growing segment of American society is the over 65 population. Further, due to rapid rate of advancement in health care, this population is retiring healthier than ever. Consequently while in the past retirees have sought to retire near family and friends who would assist them in their old age, today's retiree's are increasingly looking for warm climate, activities, and beautiful surroundings. These goals make South Carolina an ideal retirement destination for this group.

These facts have not gone unnoticed by economic development forces. A stated goal of Governor Mark Sanford's efforts to cut the state's income tax rate is to attract wealthy seniors. The Governor and others believe an influx of wealthy retiree's will provide stimulus to the state's economy and produce needed jobs to offset the massive outflow of manufacturing jobs from our state to cheap overseas labor markets. However, if we look to Florida as an example, we see that as South Carolina becomes an increasingly popular retirement destination we will attract retirees from all segments of society; i.e. wealthy, middle class and poor, and the ultimate mix of the group will determine the positive or negative impact of this group on South Carolina.

First Wave Opportunities:

The opportunities associated with an influx of seniors into South Carolina are obvious. Those over the age of 65 hold a disproportionate percentage of the wealth in this country and, because they have leisure time, spend more on leisure activities than the average 45 year old. An influx of new people spending money will mean more businesses which should translate into more jobs. In addition, as they buy real estate, the value of real estate should go up in certain areas of the state leading to more property tax revenues. Further, senior citizens do not add significantly to the burden on local governments as they do not need schools for their children and do not increase the local crime rate.

First Wave Burdens:

There are however, risks associated with a large influx of new older residents. While new retirees are healthier than they have ever been, that health does not last forever. As we age we suffer illnesses at an increasing rate. Any state whose demographics is skewed toward seniors can expect ever increasing pressure on its medical infrastructure. A higher percentage of seniors in the state's population mix means a need for a higher number of doctors, per capita, a higher number of hospital beds, and a higher number of nursing home beds, per capita.

Also, while most seniors have some form of insurance, some have only medicare, which does not pay the entire bill for their care. Seniors in this situation frequently have no ability to pay the amount not otherwise covered by their medicare. To complicate the matter further, Medicare frequently pays lower rates than private insurance for medical services. This may initially result in an increase in the cost of medical care for those not on medicare; which will put pressure on the profits of local businesses as they traditionally pay the cost of insuring employees.

Then there is the issue of long term care. As medicare does not pay a significant portion of the cost of long term care (i.e. nursing home care, assisted living, and at home care for the severely disabled) and as most senior citizens do not have long term care insurance any state with a disproportionate share of senior citizens should expect an increasing need for adequate long term care facilities, and home based services. As we discussed above, more and more seniors live far from their families and friends. Many seniors cannot expect their children to assist in their care as their children are busy providing for their spouse and children. Consequently many seniors will need to look to institutions and home health services for care if they become unable to care for themselves.

While South Carolina may be attempting to influence "wealthy seniors" to come to our state to retire, the issue of who is wealthy and who is not takes on an entirely different tone when one starts to consider the cost of long term care. The average cost of a nursing home in SC, excluding the cost of medicine and ancillary services, is approximately $4,200 per month. In our experience when you add in medicine and ancillary services the cost is closer to $4,500.00 per month, and this is increasing at a rate above the normal inflation rate in the economy. Many seniors, especially those with a spouse to support, simply are incapable of paying this level of expense on a monthly basis. Thus they will be looking to the state for help. The only program we currently have in place for assistance with long term care costs is medicaid.

The need of seniors for help in the long term care arena is significantly complicated by the fact that senior benefits are currently under attack in Washington. The current administration feels the need to cut government sponsored health care benefits; especially those flowing to senior citizens. Again, any state whose population mix is disproportionately older will suffer if medicaid benefits from Washington are cut.

As most are aware, medicaid benefits for long term care are paid partially by the federal government and partially by the state. Each state receives a varying percentage of the cost of medicaid depending on the states need. Currently SC is one of the states where the federal government pays a higher percentage of the cost of medicaid than does the state. Consequently, long term care costs actually stimulate economic growth in this state as the capital flowing into the state from the federal government significantly exceeds the cash outflow from the state for care. This net positive cash flow pays for long term care infrastructure and to hire trained professionals to care for seniors. As these professionals tend to have above average pay the flow of these dollars into the economy probably results in SC currently paying very little for long term care for senior citizens. However, if the mix of federal v. state dollars changes that situation would come to an abrupt halt, placing the state in a difficult financial situation.

THE SECOND WAVE:

In addition, to the problems generated by the long term care needs of seniors, an influx of seniors has other secondary implication. As a state's senior population grows, the need for a significant pool of unskilled labor grows as well. Seniors, especially seniors with health problems, need assistance in a variety of areas, such as yard maintenance, house keeping, shopping, driving, and sitter services. These jobs typically will be filled by low cost unskilled labor. Further, in states like South Carolina where tourism is also a big part of the economy, an even greater need for low cost unskilled labor arises. These people work in the hotels, golf courses, and in restaurants.

As most of us are aware, America's southern boarder is currently under assault. The government anticipates between three to five million illegal aliens will enter this country next year from Mexico. These people will gravitate to areas where there is a need for low cost unskilled labor. The confluence of a large number of seniors and a large tourism industry makes SC ripe for a massive in-migration of illegal aliens seeking to perform these services.

An in-migration of illegal aliens is very dangerous for any state. Arizona, Texas, California and New Mexico are already suffering the effects of such an in-migration. Illegal aliens are the exact opposite of wealthy seniors. They pay no property or income tax. Their presence does not add to the value of property in the state. Their presence decreases the availability of jobs for American citizens and depresses wage growth among tax paying citizens. To top this off have no insurance and are incapable of paying for medical care and are heavy users of government services, such as roads, schools, free clinics, and emergency rooms without participating in the cost of their operation.

Finally, as we have no formal method of paying for the cost of medical care for illegal aliens the state bears a disproportionate share of that cost, placing upward pressure on the cost of care for everyone else, as well as taxes on legal residents.

In closing, SC needs to take a number of steps to assure an in-migration of seniors will benefit both the people desiring to move here and the people who currently live here, including.

1. Assuring resources are available to promote senior health.
2. Assuring resources are available to assist seniors in accomplishing tasks that in the past would have been provided by family members.
3. Fighting any reduction in the medicaid benefits available for long term care, especially any reduction in the percentage paid by the federal government.
4. Implementing policies to discourage the migration of illegal aliens to South Carolina.

Community Forums Report

(B)
In-Migration

2005 WHITE HOUSE CONFERENCE ON AGING

COMMUNITY FORUMS

IN-MIGRATION

LOCATION OF EVENT: City Council Chamber – Rock Hill, SC

Priority Issue:
The need to identify ways to deal with the growth of in-migration in the Catawba region.

Barriers:

1) Concerned by the growth of the northern part of Lancaster County in the Indian land. This is a very high growth area. This community is unprepared for the services that will be needed for the population growth there.
2) Certificate of need for acute care facilities not available.

Proposed Solution(s):

1) In-migration within the state primarily and not out of state folks in SC.
2) In-migration can be a positive thing for area where higher income residents move in. Often spouses die and the remaining spouse relocate where they originally came from.